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**Hearing Date: September 18, 2018
Hearing Time: 10:00 a.m. (EST)**

Counsel to Fred Stevens, Chapter 11 Trustee

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re :
 : Chapter 11
EMC HOTELS AND RESORTS, LLC, :
 : Case No. 18-22932 (RDD)
Debtor. :
-----X

**STATEMENT REGARDING CHAPTER 11 TRUSTEE'S REQUEST FOR (I) ENTRY
OF THIRD INTERIM ORDER AUTHORIZING TRUSTEE'S USE OF CASH
COLLATERAL, AND (II) ADJOURNMENT OF FINAL HEARING**

**TO THE HONORABLE ROBERT D. DRAIN,
UNITED STATES BANKRUPTCY JUDGE:**

Fred Stevens, chapter 11 Trustee (the "Trustee") of EMC Hotels and Resorts, LLC, the above captioned debtor (the "Debtor")¹, hereby submits this statement in support of his request (the "Request") for entry of a third interim order (a "Third Interim Order") (i) authorizing the Trustee to use cash collateral in accordance with an approved budget; (ii) the continued grant of adequate protection to Bank Hapoalim B.M., ("BHI"), the Debtor's senior prepetition lender; and (iii) adjourning the final hearing scheduled for September 18, 2018 at 10:00 a.m. (EST) (the "Final Hearing"). In support of the Request, the Trustee respectfully refers to and incorporates the contents of the declaration of Fred Stevens, pursuant to 28 U.S.C. §1746, dated August 10,

¹ The last four digits of the Debtor's Federal Employer Identification Number are 0530.

2018 (the “Stevens Declaration”), the motion, dated August 10, 2018 (the “Cash Collateral Motion”) [Docket No. 44], seeking: inter alia, (i) entry of interim orders and a final order (a “Final Order”) authorizing the Trustee to use cash collateral in accordance with an approved budget, (ii) the continued grant of adequate protection to BHI, and (iii) a Final Hearing, and the Court’s order, dated August 21, 2018 (the “Second Interim Order”) [Docket No. 58], granting the Cash Collateral Motion in part, and further respectfully sets forth and states as follows:

STATEMENT

1. Pursuant to the Second Interim Order, the Final Hearing on the Cash Collateral Motion was scheduled for September 18, 2018 at 10:00 a.m. (EST). The Final Order was to and will incorporate, among other things, certain milestones required by BHI mandating the implementation of an expeditious exit strategy (the “Bankruptcy Milestones”), and a carve-out required by the Trustee to protect him and his professionals (a “Carve-Out”). The Trustee’s intent as set forth on the record of the prior hearing on the Cash Collateral Motion on August 17, 2018, was to negotiate the terms of a consensual Final Order with BHI, and to file that proposed Final Order with the Court in advance of the Final Hearing so that parties could examine it and file timely objections as appropriate.

2. In order to make an informed decision regarding appropriate Bankruptcy Milestones and the Carve-Out, the Trustee requires guidance from a qualified broker regarding the value of the Debtor’s assets and the time required to sell or restructure those assets. In that regard, the Trustee has submitted requests for proposals to nine (9) different brokers and requested that written proposals be submitted by 5:00 p.m. on September 12, 2018. That deadline is being extended for approximately one week to allow the brokers to examine financial information that was not previously available. The Trustee will then consult with BHI (and other interested parties) in selecting an appropriate broker, subject to the approval of this Court, and

establishing a sale or restructuring process designed to maximize value for all constituents as quickly as possible. The Trustee needs a small amount of time to retain a broker so that the Trustee can be guided by that professional's advice in establishing appropriate Bankruptcy Milestones, which will inform the Trustee in negotiating an appropriate Carve-Out (among other possible terms for a Final Order). The Trustee and BHI are working cooperatively in this process.

3. Accordingly, the Trustee respectfully requests the entry of a Third Interim Order in a form substantially similar to that annexed hereto as Exhibit A, granting the continued use of BHI's cash collateral on identical terms to the Second Interim Order but with a revised budget, and adjourning the Final Hearing to the Court's earliest convenient date so that the parties have an opportunity to negotiate an appropriate consensual Final Order. This request is made with BHI's consent. The Trustee has also discussed this request with counsel to the United States Trustee who does not object to the brief extension, subject of course to reviewing the terms of the Third Interim Order which she had not reviewed at the time of the discussion.

Dated: New York, New York
September 14, 2018

**KLESTADT WINTERS JURELLER
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By: /s/ Fred Stevens

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